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IN THE

SUPREME COURT OF THE UNITED STATES.

OCTOBER TERM, 1961.

No. 950

JACK DANIEL DISTILLERY, Lem Motlow, Prop., Inc.,
Petitioner,
v.
HOFFMAN DISTILLING COMPANY and
FRANK SILVERMAN & CO.,
Respondents.

PETITION FOR THE WRIT OF CERTIORARI

To the United States Court of Appeals for the Sixth Circuit.

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PETITION FOR THE WRIT OF CERTIORARI

To the United States Court of Appeals for the Sixth Circuit.

To the Honorable Chief Justice and the Associate Justices of the Supreme Court of the United States:

Petitioner, Jack Daniel Distillery, Lem Motlow, Prop., Inc., prays that a writ of certiorari issue to review an order and judgment entered by the Court of Appeals for the Sixth Circuit on February 3, 1962, and the opinion denying the petition for rehearing entered on March 7, 1962. Said order and judgment affirmed a judgment of the District Court for the Western District of Kentucky

wherein the petitioner's complaint, filed against the respondent, Hoffman Distilling Company, and in which the respondent, Frank Silverman & Co., had intervened as a party defendant, seeking to enjoin the said defendants from continuing to unfairly compete with the petitioner, was dismissed.

OPINIONS BELOW.

The District Court filed an opinion dismissing petitioner's complaint on December 15, 1960, which opinion is reported in 190 Fed. Supp. 841. The Court of Appeals for the Sixth Circuit filed a per curiam opinion affirming the order of the District Court on February 3, 1962, which memorandum is reported in 208 F. (2d) 606. Thereafter on March 7, 1962, the Court of Appeals filed an order overruling petitioner's petition to rehear, which order has not yet been reported in the official reporter. In compliance with Rule 23 (i) of this Honorable Court copies of the opinions of the District Court and of both opinions filed by the Court of Appeals may be found as an appendix to this petition.

JURISDICTION.

The judgment of the Court of Appeals was entered on February 3, 1962, and the petition for rehearing was overruled on March 7, 1962. No order has been entered extending the time for the filing of a petition for certiorari. This petition is being filed, however, within the time prescribed by 28 U. S. C. A., Section 2101 (c). The jurisdiction of this Court to review the action of the Court of Appeals is invoked under the provisions of Title 28, U. S. C. A., Section 1254, paragraph (1).

QUESTIONS PRESENTED

This is an unfair competition action. It is based upon respondents' deliberate adoption and copying of petitioner's packaging and advertising. This combination or collocation of features had become well established and associated with the petitioner's product and was referred to by the District Court as "the appearance of the well established and attractive Jack Daniel's Black Label package and advertising techniques . . ." Such imitation was intentional and for the purpose of soliciting customers of the petitioner and to appeal to other prospective consumers who would be attracted by the advertising and packaging methods developed by the petitioner.

The questions presented for review by this petition are:

1. The holding of the Court of Appeals that unfair competition has not been proven despite a finding that the respondents have "intentionally copied and imitated the appearance of the well-established and attractive" package of the petitioner for the obvious purpose of soliciting customers of the petitioner conflicts with the decisions of courts of appeal of other circuits.

2. The holding of the Court of Appeals that petitioner must prove actual confusion on the part of the public rather than to establish likelihood of confusion in order to sustain its claim of unfair competition conflicts with the decisions of the courts of appeal of other circuits.

3. The holding of the Court of Appeals that a failure to show "that a member of the consuming public was ever confused or misled into buying Ezra Brooks whiskey thinking it was Jack Daniel's whiskey" precludes a finding of secondary meaning conflicts with the decisions of courts of appeal of other circuits.

4. The finding of the Court of Appeals that respondents' use of statements which were "false and untrue" as to respondents' product did not give rise to a cause of action in favor of petitioner wholly fails to give effect to Section 43a of the Lanham Act, 15 U. S. C. A., 1125(a), and is in conflict with the decisions of courts of appeal of other circuits.

5. The decision of the Court of Appeals holding that intentional imitation of a distinctive combination of packaging features and use of false and untrue statements related thereto does not constitute unfair competition presents an error of law and principle having a wide and far-reaching effect upon commercial morality which may be perpetuated into widespread confusion in trade and by the public and calls for the exercise of this Court's power to review in the public interest an important question of law.

STATUTES INVOLVED.

The only statute involved in the issues presented by this petition for certiorari is Section 43a of the Lanham Trade-Mark Act of 1946, 15 U. S. C. A., Section 1125 (a), which provides as follows:

> "Any person who shall affix, apply, or annex, or use in connection with any goods or services, or any container or containers for goods, a false designation of origin, or any false description or representation, * * * and shall cause such goods or services to enter into commerce * * * shall be liable to a civil action by any person doing business in the locality falsely indicated * * *, **or by any person who believes that he is or is likely to be damaged by the use of any such false description or representation**" (Emphasis added).

STATEMENT OF THE CASE.

The petitioner in this cause is a corporation organized and doing business under the laws of the State of Tennessee. The respondent, Hoffman Distilling Company, the only original defendant, is a corporation organized and doing business under the laws of the State of Kentucky. Jurisdiction was vested in the United States District Court by virtue of 28 U. S. C. A., 1332, there being diversity of citizenship between the parties and the amount in controversy exceeding $3,000. This action was brought prior to the 1958 amendment which increased the minimum jurisdictional amount to $10,000.

The proof in this case established that Jack Daniel Distillery was founded sometime prior to 1900, and except for the period of time during which the manufacture and sale of intoxicating liquors was illegal in Tennessee has continuously offered its whiskey known as "Jack Daniel's" to the consuming public.

Jack Daniel's has through the years used the following physical features and advertising slogans and practices in connection with the marketing of its product.

1. Since about 1900 the petitioner has sold its product in a square bottle upon which there was affixed a black and white wrap-around label containing a picture or reproduction of an old distillery.

2. For years Jack Daniel's Whiskey has been known and referred to as "sippin' whiskey." In this connection it has had the good fortune to have both magazine articles and news stories written about its product wherein it was liberally referred to as "sippin' whiskey." These magazine articles include one in the July, 1951, issue of **Fortune Magazine** entitled "Rare Jack Daniel's" (R. 160a), which in its entirety was spread on the Congressional

Record and one published in **True Magazine** during the year 1954 entitled "Sippin' Whiskey and the Shirtsleeve Brothers" (R. 144a). The only newspaper article referring to this sippin' whiskey which appears in the record on appeal is one in the Virginia City "Territorial Enterprise" (R. 141a), although the record shows that the article from the **True Magazine** was republished in six or eight newspapers, including perhaps **The Washington Post** and **Times Herald** (R. 68a). This expression became sufficiently associated with Jack Daniel's that in March, 1955, the petitioner caused the expression "Rare Old Sippin' Whiskey" to be registered with the Commissioner of Patents (R. 9a, 14a).

3. Because of the unique distilling process used by Jack Daniel's of pouring its whiskey prior to aging into huge vats of tamped charcoal requiring eight to ten days before the distillate can percolate to the bottom of the vat and commence to drip out from the bottom thereof very slowly, which process increases the mellowness of petitioner's whiskey, Jack Daniel in the early 1950's began to advertise its whiskey as being "Charcoal Mellowed" and "Charcoal Mellowed Drop by Drop" (R. 64a-92a).

4. At about the same time rather than describing its whiskey as simply "90 Proof" (a showing of proof on the label being required by the United States Government), the petitioner referred to its whiskey as "90 Proof by Choice." So far as the petitioner knows no other distillery prior to this time had ever added such an expression to its required statement of proof (R. 91a).

5. To further tell the story of Jack Daniel's whiskey petitioner in 1954 commenced to attach a neckpiece to each bottle of its whiskey. One such neckpiece appears at page 139a of the record. This neckpiece is black and white and on its face contains the words "The only whiskey 'CHARCOAL MELLOWED' drop by drop." On the

inside of the neckpiece the story of Jack Daniel's is set out and a reproduction or picture of workers preparing charcoal appears. Some of the neckpieces go further and describe "our small Jack Daniel's distillery in Lynchburg, Tennessee" (R. 106a). Insofar as the representatives of Jack Daniel's knew they were the only distillery ever to affix neckpieces to their product other than for special promotions (R. 82a-83a).

6. Finally in 1956 when Jack Daniel found that it had oversold its product and that it was in short supply it began to advertise "so good, in fact, there isn't quite enough to go around" (R. 83a) and to post display materials in retail stores starting "LIMIT: ONE BOTTLE TO A PERSON" (R. 142a). Mr. Ferris, an officer of Jack Daniel's advertising agency, testified that in his opinion it would be improper to advertise that a product was in short supply if this were not in fact true (R. 92a).

Prior to 1950 Jack Daniel's was not a nationally known product although its package and label were generally recognized by the public who had purchased between eight and nine million dollars worth of its product subsequent to the repeal of the 18th Amendment and the legalization of the manufacture of whiskey in Tennessee. Commencing in the early 1950's Jack Daniel decided to advertise extensively. During the period from 1952 through 1958 it spent approximately three and one-half million dollars in advertising (R. 80a). The advertising appeared in such magazines as Time, Newsweek, True and Holiday (R. 123a), in most of the leading newspapers throughout the United States (R. 120a-122a), in all of the principal trade journals (R. 123a), and on billboards in various sections of the country (R. 124a). This resulted in Jack Daniel's sales being increased from less than a million and a half dollars for the fiscal year 1949-1950 to over thirteen and a half million dollars for the fiscal year 1955-1956, at

which time Jack Daniel's found that the demand for its product had exceeded its supply, with the result that commencing in 1957 its whiskey went on allocation and sales were reduced to something over nine and one-half million dollars per year (R. 70a-73a).

The purpose of all these advertisements was to create a brand image for Jack Daniel's Whiskey with the public and for that reason the expressions "sippin' whiskey," "Charcoal Mellowed Drop by Drop," as well as the other features previously mentioned were used extensively so that when the public heard one or more of the expressions it would be immediately reminded of petitioner's product. All of the advertisements of Jack Daniel for the years 1955 and 1956 were exhibited to the Court and they showed that each one contained the expression "Charcoal Mellowed Drop by Drop," and most but not all of them contained the expression "sippin' whiskey," as well as a picture of the bottle itself.

Respondents' whiskey came on the market under the trade name Ezra Brooks on April 1, 1957. They immediately adopted the following physical features and advertising slogans and practices in connection with the marketing of their new and unknown product:

1. They packaged their whiskey in a square bottle upon which there was affixed a black and white wrap-around label containing a picture or reproduction of an old distillery (R. 107a-108a, 140a).

2. Upon their label, in their neckpiece, and in their advertising respondents referred to their whiskey as "Real Sippin' Whiskey" (R. 139a-140a).

3. They advertised their whiskey by the use of the expressions "Every Sip is Mellowed 'Cause Every Drop is Charcoal Filtered" (R. 143a). Actually this advertis-

ing was not true for the only "charcoal filtering" to which Ezra Brooks is subjected is to mix seven ounces of activated charcoal into 400 gallons of whiskey and permit it to stand for periods of up to 24 hours (R. 116a).

4. After the required showing of the proof of the respondents' whiskey on their label they added the words "For Character" to make the expression read "90 Proof For Character" (R. 139a).

5. From the time the respondents' product was placed on the market there was affixed to each bottle a black and white neckpiece, on the face of which appears the words "The story of real sippin' whiskey" and the body of the neckpiece contains a picture or drawing of charcoal being prepared under barrels with the statement "Every drop of Ezra Brooks is charcoal filtered" (R. 139a). The neckpiece further contains the following statement "Down in Anderson County, Kentucky, we folks are mighty proud of our little plant. Actually our distillery is the smallest in Kentucky . . . as well as one of the oldest" (R. 107a). This statement is followed by the name Ezra Brooks Distilling Company, Lawrenceburg, Anderson County, Kentucky.

As a matter of fact there is no such distillery as the Ezra Brooks Distilling Company. This is simply a trade name owned by Frank Silverman & Company and under which Hoffman Distilling Company bottles whiskey for Silverman (R. 99a-100a). It is true that the Hoffman Distilling Company is located in Lawrenceburg, Anderson County, Kentucky, but all of the whiskey which goes into the Ezra Brooks bottle is not distilled by this respondent. A substantial part of it is bought on the open market from at least three other distillers (R. 97a, 102a-104a).

6. From the time of its first sale Ezra Brooks has advertised that "'There just ain't enuf to go around!" (R.

98a) and has placed advertising material in retail stores stating "Please don't ask for more than one! There just ain't enuf to go around!" (R. 142a), although the proof shows that Ezra Brooks has never been in short supply and that every order has been filled as soon as Hoffman had time to bottle it in its bottling house, with never a delay of more than a week to ten days (R. 118a).

That this advertising was false and untrue was expressly found by both the District Court in its memorandum opinion and by the Court of Appeals in its order overruling the petition to rehear.

Based upon this evidence the District Court found the following facts which were concurred in by the Court of Appeals and which we adopt as being sustained by the proof.

> "Although the brand names Jack Daniel's and Ezra Brooks and the names of the Jack Daniel Distillery and the Ezra Brooks Distilling Company appear prominently on their respective labels, it is clear that many features of the Jack Daniel's package and methods of advertising are imitated by Ezra Brooks. Jack Daniel's uses a square bottle and a black and white wrap-around label. Ezra Brooks employs a square bottle and a black and white wrap-around label. Jack Daniel's on its label uses the words, '90 Proof by Choice.' Ezra Brooks on its label employs the expression '90 Proof for Character.' Jack Daniel's pictures a small old-time distillery on its label and Ezra Brooks' label follows suit. Jack Daniel's for many years advertised that its whiskey is 'Rare Old Sippin' Whiskey' and otherwise uses the word 'Sippin'' to describe its product. Ezra Brooks label bears the legend 'Real Sippin' Whiskey.' Jack Daniel's has consistently advertised its whiskey as 'Charcoal Mellowed Drop by Drop,' this expression being a reference to the

unique method of filtering its whiskey through charcoal before it is warehoused for aging. Ezra Brooks features on its label the words 'Charcoal Filtered' and in its advertising 'Every Sip is Mellowed 'Cause Every Drop is Charcoal Filtered.' The charcoal filtration of Ezra Brooks whiskey consists of placing seven ounces of activated charcoal in four hundred gallons of aged whiskey and agitating the whiskey for varying periods of time up to twenty-four hours. Jack Daniel's uses a small black and white cardboard neckpiece on its bottle extolling its whiskey and distillery, and this feature has been adopted by Ezra Brooks with closely related resemblances both as to appearance and content. From the time Ezra Brooks first came on the market it has also imitated the Jack Daniel's story by advertising that its product was in short supply and Jack Daniel's use of the expression 'There isn't quite enough to go around' was matched in Ezra Brooks' advertisements by the statement 'There just ain't enuf to go around.' This line of advertising was followed by the defendant in spite of the fact that there was no shortage of its supply as the evidence clearly shows that there was always available in the market an ample supply of the type whiskey bottled under the brand name of Ezra Brooks.

"From this brief statement of the evidence it is necessarily concluded that all of these similarities were not adopted by accident but that the defendant intentionally copied and imitated the appearance of the well-established and attractive Jack Daniel's Black Label package and advertising techniques for its new and unknown brand Ezra Brooks. The obvious purpose of the copying was to solicit customers of the plaintiff who could not obtain Jack Daniel's whiskey while there was a shortage in supply and also to appeal to all other prospective consumers who would

be attracted by the advertising and packaging methods developed by the plaintiff." (Emphasis added.)

190 Fed. Sup. 841, 843-844, Appendix p. 36.

Despite this finding of fact the District Court dismissed petitioner's suit upon the ground, first, that it had failed to establish a secondary meaning and, secondly, that it had failed to establish a likelihood of confusion.

The Court of Appeals in affirming the action of the District Court overlooked the fact that likelihood of confusion would support an action of unfair competition and affirmed the District Court upon the ground that there was no evidence of actual confusion, stating at 298 F. (2d) 607 (Appendix p. 44):

> "There was no showing that a member of the consuming public was ever confused or misled into buying Ezra Brooks whiskey, thinking it was Jack Daniel's whiskey. In other words, the proof did not show that these imitated features had a secondary meaning as identifying the source of the whiskey."

REASONS FOR GRANTING THE WRIT.

1. The opinion of the Court of Appeals is in conflict with the holdings of the Court of Appeals for the Second Circuit in the case of My-T-Fine Corporation v. Samuels, 69 F. (2d) 76; Mastercrafters Clock and Radio Company v. Vacheron & Constantin-LeCoultre Watches, 221 F. (2d) 464, certiorari denied, 350 U. S. 832; and American Chicle Co. v. Topps Chewing Gum, 208 F. (2d) 560, as well as the case of Tas-T-Nut Co. v. Variety Nut and Date Co., 245 F. (2d) 3, decided by the Court of Appeals for the Sixth Circuit.

As pointed out in our statement of the case the District Court properly found as a fact that from the evidence it must necessarily be concluded

"that all of these similarities were not adopted by accident but that the defendant intentionally copied and imitated the appearance of the well-established and attractive Jack Daniel's Black Label package and advertising techniques for its new and unknown brand Ezra Brooks. The obvious purpose of the copying was to solicit customers of the plaintiff who could not obtain Jack Daniel's whiskey while there was a shortage in supply and also to appeal to all other prospective consumers who would be attracted by the advertising and packaging methods developed by the plaintiff."

190 Fed. Sup. 841, 844, Appendix p. 36.

The Court of Appeals concurred in this finding of fact with the statement:

"The findings of fact of the District Judge are supported by substantial evidence and are binding on us."

298 F. (2d) 606, 608, Appendix p. 44.

Despite this finding and despite the fact that respondents introduced no evidence tending to show either that the public had not been deceived or that they were not likely to be deceived the Court of Appeals affirmed the action of the District Court in dismissing petitioner's action for unfair competition because:

"There was no showing that a member of the consuming public was ever confused or misled into buying Ezra Brooks whiskey thinking it was Jack Daniel's whiskey."

298 F. (2d) 606, 607, Appendix p. 44.

We respectfully submit that such a holding is in direct conflict with several cases decided by the Court of Appeals for the Second Circuit, as well as by the Sixth Circuit itself.

In the case of **My-T-Fine Corporation v. Samuels, et al.**, 69 F. (2d) 76, the Court of Appeals for the Second Circuit considered a case wherein the plaintiff had established that it had sold a pudding mixture in a distinctively colored and designed box bearing the words "My-T-Fine". Defendant then put on the market a pudding mixture in a similar box which bore the name "Velmo". Although the court found no actual deception, in reversing the lower court and in finding in favor of the plaintiff, the Court of Appeals, speaking through the distinguished Judge Learned Hand, held at page 77:

> ". . . and were it not for the evidence of the defendants' intent to deceive and so to secure the plaintiff's customers, we should scarcely feel justified in interfering at this stage of the cause. We need not say whether that intent is always a necessary element in such causes of suit; probably it originally was in federal courts. McLean v. Fleming, 96 U. S. 245, 24 L. Ed. 828; Lawrence Mfg. Co. v. Tennessee Mfg. Co., 138 U. S. 537, 11 S. Ct. 396, 34 L. Ed. 997; Elgin National Watch Co. v. Illinois Watch Case Co., 179 U. S. 665, 21 S. Ct. 270, 45 L. Ed. 365. But when it appears, we think that it has an important procedural result: a late comer who deliberately copies the dress of his competitors already in the field, must at least prove that his effort has been futile. Prima facie the court will treat his opinion so disclosed as expert and will not assume that it was erroneous. Fairbank Co. v. R. W. Bell Mfg. Co., 77 F. 869, 877 (C. C. A. 2); Capewell Horse Nail Co. v. Green, 188 F. 20, 24 (C. C. A. 2); Wolf Bros. & Co. v. Hamilton, 165 F. 413, 416 (C. C. A. 8); Thum Co. v. Dickinson, 245 F. 609, 621, 622 (C. C. A. 6); Wesson v. Galef (D. C.), 286 F. 621, 626. He may indeed succeed in showing that it was; that, however bad his purpose, it will fail in execution; if he does, he will win. Kann v.

Diamond Steel Co., 89 F. 706, 713 (C. C. A. 8). **But such an intent raises a presumption that customers will be deceived.**" (Emphasis added.)

Again in the case of **Mastercrafters Clock and Radio Company v. Vacheron & Constantin-LeCoultre Watches,** 221 F. (2d) 464, certiorari denied, 350 U. S. 832, the Second Circuit again decided this question in square conflict with the opinion of the Sixth Circuit in the case at bar. In this case Mastercrafters had copied an expensive Swiss clock sold by Vacheron. In deciding the issue in favor of Vacheron & Constantin the Court held:

"Plaintiff's intention thus to reap financial benefits from poaching on the reputation of the Atmos Clock is of major importance. Of course, where there is no likelihood of confusion as, e. g., where the alleged infringing article is not in a sufficiently adjacent field, then an alleged infringer's intent becomes irrelevant, since an intent to do a wrong cannot transmute a lawful into an unlawful act. But where the copying is unlawful, if only there is a likelihood of confusion, **then the intent of the copier becomes decidedly relevant: It gives rise to a powerful inference that confusion is likely, and puts on the alleged infringer the burden of going forward with proof that it is not.** Here the plaintiff's intent is unmistakable; accordingly, plaintiff had the burden of going forward with proof showing an absence of such likelihood; and that burden plaintiff did not discharge . . ." (Emphasis added.)

The great Judge Learned Hand again spoke contrary to the holding in the instant case in the case of **American Chicle Co. v. Topps Chewing Gum,** 208 F. (2d) 560. The facts in this case were almost identical to those in the case at bar. For some years American Chicle had mar-

keted candy-coated chewing gum in a distinctive package bearing the name "Chiclets." Topps came out some years later with a similar product in a very similar package which bore the name "Topps."

In affirming the District Court's judgment for the plaintiff, American Chicle Co., Judge Hand said at page 562:

> "For the defendant has not suggested even the most diaphanous reason for selecting for its peppermint box out of all possible permutations of color and design, just the plaintiff's—or at least almost the plaintiff's—combination except for the substitution of 'Topps' for 'Chiclets.' It would be absurd to see in this anything but a hope to bring to its own net just those buyers who are on the fringe of the plaintiff's possible customers. What we said in Miles Shoes, Inc., v. R. H. Macy & Co., 2 Cir., 199 F. (2) 602, 603, applies to the letter, mutatis mutandis: Why it should have chosen a mark that had long been employed by Macy and had become known to the trade instead of adopting some other means to identify its goods is hard to see unless there was a deliberate purpose to obtain some advantage from the trade which Macy had built up. **Indeed, it is generally true that, as soon as we see that a second comer in a market has, for no reason that he can assign, plagiarized the 'make-up' of an earlier comer, we need no more; for he at any rate thinks that any differentia he adds will not, or at least may not, prevent the diversion and we are content to accept his forecast that he is 'likely' to succeed. Then we feel bound to compel him to exercise his ingenuity in quarters further afield.**" (Emphasis added.)

Although dealing with the question of secondary meaning rather than likelihood of confusion Judge Stewart,

now Mr. Justice Stewart, while sitting as a Circuit Judge in the case of **Tas-T-Nut Co. v. Variety Nut and Date Co.**, 245 F. (2d) 3, 7, recognized the force of the above holdings of the Second Circuit when he stated in his opinion that:

> "In finding that the appellee had deliberately tried 'to take advantage of the great amount of advertising done by, the good reputation earned, and the style of package that has been gotten out by plaintiff,' the district court necessarily found that the distinctive appearance of the appellant's packages had acquired a secondary meaning."

We respectfully submit that the above authorities clearly show a direct conflict in the holdings of the Second Circuit and the one at bar decided by the Sixth Circuit. Further this issue presents an important question of law which conflicts with the established law and which should be determined by this Court. This issue is important not only to the petitioner, but to everyone engaged in the manufacture and sale of any product, distinctively packaged and advertised. The successful manufacturer is always threatened by imitators. Confusion in the minds of the public, either actual or probable, is always most difficult to prove. However, under the decision in the Second Circuit above cited and others to which reference might be made, the plaintiff in those cases where the copying has been as complete as in the case at bar, has prior to the present holding been able to base his case upon the presumption that the defendant has succeeded in his attempt to confuse the public through imitation at least until the defendant has gone forward with the proof to show that his efforts have been unsuccessful. We submit that this long recognized rule of law is a wholesome one, and for that reason the holding of the Sixth Circuit in the instant case to the contrary should not be permitted to stand.

2. The opinion of the Court of Appeals is in conflict with the opinions of the Court of Appeals for the Second Circuit in the cases of LaTouraine Coffee Co. v. Lorraine Coffee Co., 157 F. (2d) 155; Best & Co. v. Miller, 167 F. (2d) 374; Speed Products Co. v. Tinnerman Products, 179 F. (2d) 778; and Miles Shoes, Inc. v. R. H. Macy & Co., Inc., 199 F. (2d) 602.

The dismissal of petitioner's action for unfair competition was affirmed by the Court of Appeals because that Court found that the petitioner had failed to introduce any evidence of actual confusion upon the part of the general public, the Court stating:

> "There was no showing that a member of the consuming public was ever confused or misled into buying Ezra Brooks whiskey thinking it was Jack Daniel's whiskey.
>
> * * * * * *
>
> "It was not unlawful for Ezra Brooks to copy unpatented products of Jack Daniel so long as they are properly identified and do not mislead the public into believing that Ezra Brooks' products are those of Jack Daniel."
>
> 298 F. (2d) 606, 607, Appendix p. 44.

In addition to the fact that this holding is in conflict with the opinions of the Second Circuit because of the finding of fact that the copying was done for the purpose of deceiving, this holding is also in conflict with the opinions of the Second Circuit in that it expressly requires a finding of actual confusion on the part of the public as a prerequisite to relief in unfair competition cases, whereas the holdings of the Second Circuit are that a finding of a likelihood of confusion will justify the relief prayed.

The Court of Appeals for the Second Circuit in the case of **LaTouraine Coffee Co. v. Lorraine Coffee Co.**, 157 F. (2d) 115, 117, held:

"To establish infringement, plaintiff need show only that the name adopted by defendants is so similar to its trademark as to be likely to cause confusion among reasonably careful purchasers. Defendants urge that there has been no showing of actual instances of confusion; but no such evidence is required . . . The only question is whether or not the similarity of names is such as to make likely the deception of any appreciable number of ordinary prudent customers."

The Second Circuit in the case of **Best & Co. v. Miller**, 167 F. (2d) 374, 377, expressly found that this rule applied to unfair competition actions, as well as to infringement suits, stating:

"The trial judge correctly ruled that unfair competition is a question of fact, and the test is 'whether the public is likely to be deceived.' Applying this test he found no unfair competition. Such a finding is not conclusive on an appellate court, if it takes a different view as to the likelihood of deception."

Again, in the case of **Speed Products Co. v. Tinnerman Products**, 179 F. (2d) 778, 780-781, the Court of Appeals for the Second Circuit declared the law to be:

"Nor is it of controlling significance that the defendant did not produce anyone who had ever been misled into buying plaintiff's products thinking they were defendant's or that neither defendant's president nor vice-president and general manager could recall a single instance in which anyone had ever been deceived, for here the similarity of the marks is such as to make confusion likely.

* * * * * * *

"We have said, however, that 'the test of trademark infringement differs little, if any, from the test of unfair competition,' and have phrased the test of

unfair competition as 'whether the public is likely to be deceived.' ".

We, therefore, respectfully submit that there is a direct conflict between the holdings of the Second Circuit and of the Sixth Circuit in the case at bar on the question of whether actual confusion on the part of the general public must be proven in order to sustain an action of unfair competition or whether, as held by the Second Circuit, likelihood of confusion justifies the relief. This is a matter of such extreme importance that the conflict should be determined by this Court. If the opinion of the Sixth Circuit is permitted to stand as opposed to the opinions of the Second Circuit, unfair competition actions cannot be sustained in the Federal Courts despite the extent of the unfairness of the defendants' competition; for as Judge Augustus Hand pointed out in the case of **Miles Shoes, Inc., v. R. H. Macy & Co., Inc.**, 199 F. (2d) 602, 603:

> "Moreover, since reliable evidence of actual instances of confusion is practically almost impossible to secure, particularly at the retail level, in the final analysis the decision must rest on the court's conviction as to possible confusion."

3. The opinion of the Court of Appeals is in conflict with the Court of Appeals for the Tenth Circuit in the case of R. H. Macy & Co., Inc., v. Colorado Clothing Mfg. Co., 68 F. (2d) 690; with the Court of Appeals for the Third Circuit in the case of Barton v. Rex-Oil Co., 2 F. (2d) 402; and with the opinions of the Sixth Circuit itself in the case of Wisconsin Electric Co. v. Dumore Co., 35 F. (2d) 555, and Tas-T-Nut Co. v. Variety Nut and Date Co., 245 F. (2d) 3.

In its opinion the Court of Appeals held:

> "There was no showing that a member of the consuming public was ever confused or misled into buying

Ezra Brooks whiskey thinking it was Jack Daniel's whiskey. **In other words, the proof did not show that these imitated features had a secondary meaning as identifying the source of the whiskey.**" (Emphasis added.)

208 F. (2d) 607. Appendix p. 44.

The effect of this holding is to require proof of actual confusion to show secondary meaning. This is in direct conflict with the holdings of the other circuits. It is true that proof of actual confusion is one way to prove secondary meaning, but it is certainly not the only one.

The petitioner showed without contradiction that the imitated features of its package and advertising slogans had been used for many years; some of them for more than 50 years. In holding that long use was not a method of establishing secondary meaning but that secondary meaning might be shown only by actual confusion, the Sixth Circuit finds itself in direct conflict with the opinion of the Third Circuit in the case of **Barton v. Rex-Oil Co.**, 2 F. (2d) 402, 405, wherein the court held:

> "The respondent urges that secondary meaning is to be determined by the time taken in acquiring it. This is a rule of experience rather than a rule of law for in most of the cases reported, and in all cited by the respondent, the time in acquiring a secondary meaning figured largely and in some cases exclusively in determining whether such meaning had been acquired. Time is the usual standard because a natural one but it is not the exclusive standard. The test of secondary meaning is whether the trademark has become broadly known to the public as denoting a product of certain origin."

The Court's opinion is also in direct conflict with the opinion of the Court of Appeals for the Tenth Circuit in

the case of **R. H. Macy & Co., Inc. v. Colorado Clothing Mfg. Co.**, 68 F. (2d) 690, 692, wherein the Court held:

> "Words or names which have a primary meaning of their own, such as words descriptive of the goods, . . . may by long use in connection with the goods or business of a particular trader come to be understood by the public as designating the goods or business of that particular trader. Such words have a primary and secondary meaning."

See also:

Restatement of Torts, Sec. 716, Comment b;
Time, Inc. v. Life Television Corp. (D. C.-Minn.), 123 Fed. Sup. 470, 474.

Further, the petitioner introduced proof of extensive advertising of its product, its package, and its advertising features (three and one-half million dollars from 1952 through 1958), and also of its public acceptance through sales, which grew from less than one and one-half million dollars in the fiscal year 1949-1950 to more than thirteen and one-half million dollars in the fiscal year 1955-1956 when Jack Daniel's became in short supply and its sales had to be reduced to a little over nine and one-half million dollars per year, for the purpose of proving secondary meaning. In holding that this was not a proper way to prove secondary meaning, but that it must be proven only through proof of actual confusion on the part of the public, the court's opinion is in direct conflict with the opinion of the Tenth Circuit in the case of **R. H. Macy & Co., Inc. v. Colorado Clothing Mfg. Co.**, 68 F. (2d) 690, 692, wherein the court held that carrying "on each year a large national advertising campaign" is evidence of secondary meaning, as well as the Sixth Circuit's opinion in the case of **Wisconsin Electric Co. v. Dumore Co.**, 35 F. (2d) 555, 557, wherein the court held that proof of sales amounting

to only five million dollars in a fourteen year period and advertising of only $35,000 per year constituted evidence of secondary meaning.

Finally, the petitioner introduced proof and both the lower courts found as a fact that the respondents had "intentionally copied and imitated the appearance of the well-established and attractive Jack Daniel's Black Label package and advertising techniques" for the obvious purpose of soliciting "customers of the plaintiff who could not obtain Jack Daniel's whiskey while there was a shortage in supply and also to appeal to other prospective consumers who would be attracted by the advertising and packaging methods developed by the plaintiff." In holding that this was not proof of secondary meaning, but that it must be proven only by proof of actual confusion on the part of the public, the court's opinion is in direct conflict with its own opinion in the case of **Tas-T-Nut Co. v. Variety Nut and Date Co.**, 245 F. (2d) 3, 7, wherein the court held:

> "In finding that the appellee had deliberately tried 'to take advantage of the great amount of advertising done by the good reputation earned, and the style of package that has been gotten out by plaintiff,' the district court necessarily found that the distinctive appearance of the appellant's packages had acquired a secondary meaning."

4. The opinion of the Court of Appeals is in conflict with the Court of Appeals for the Third Circuit in the case of L'Aiglon Apparel, Inc. v. Lana Lobell, Inc., 214 F. (2d) 649, and is further in conflict with the Lanham Trade-Mark Act of 1946, Section 43 (a), 15 U. S. C. A., Section 1125a.

The Court of Appeals in its original opinion declared the law to be:

"The fact that some of the statements made by Ezra Brooks concerning its product were false and untrue does not make out a case of unfair competition in favor of plaintiff. Mosler Safe Co. v. Ely-Morris Safe Co., 273 U. S. 132, 47 S. Ct. 314, 71 L. Ed. 578; American Washboard Co. v. Saginaw Mfg. Co., 103 F. 281 (C. A. 6)."

298 F. (2d) 607, 608, Appendix p. 44.

In our petition to rehear we challenged the Court's attention to Section 43a of the Lanham Trade-Mark Act of 1946, which provides:

"Any person who shall affix, apply, or annex, or use in connection with any goods or services, or any container or containers for goods, or a false designation of origin, or any false description or representation, * * * and shall cause such goods or services to enter into commerce, * * * shall be liable to a civil action by any person doing business in the locality falsely indicated * * *, **or by any person who believes that he is or is likely to be damaged by the use of any such false description or representation.**" (Emphasis added.)

15 U. S. C. A. 1125 (a).

We further pointed out that in view of the above congressional enactment that the **American Washboard Co.** case had been expressly modified by the opinion of the Court of Appeals for the Third Circuit in the case of **L'Aiglon Apparel, Inc. v. Lana Lobell, Inc.**, 214 F. (2d) 649, as well as by other cases cited in our petition to rehear.

In its opinion overruling petitioner's petition to rehear the Court of Appeals ruled that the respondents' use of the expression "There just ain't enuf to go around" and

the use of a "picture of an old distillery on its label" were false and untrue. It might well also have included as being untrue the use of the expression "Every Sip is Mellowed 'Cause Every Drop is Charcoal Filtered," for the proof shows that the only contact the respondents' whiskey has with charcoal is to have seven ounces of activated charcoal placed in 400 gallons of aged whiskey and permit it to remain therein for a period not to exceed twenty four hours. This operation would hardly permit every sip to be mellowed and no drop would thereby be charcoal filtered. Despite this finding, however, the Court of Appeals held on the petition to rehear:

> "Assuming that Ezra Brooks whiskey was not in short supply we fail to see how this creates a cause of action in favor of plaintiff.
>
> "The same is true about the picture of a distillery on its label when its whiskey was manufactured by independent distilleries."

Appendix p. 45.

This holding is in direct conflict with the opinion of the Third Circuit in the case of **L'Aiglon Apparel, Inc., v. Lana Lobell, Inc.**, 214 F. (2d) 649. In this case L'Aiglon Apparel advertised a picture of one of its dresses showing a purchase price of $17.95. The defendant advertised one of its own dresses for $6.95 but used a picture of the plaintiff's dress in its advertisement. In sustaining the Court's jurisdiction to grant injunctive relief the Court of Appeals for the Third Circuit recognized the rule of American Washboard Co. v. Saginaw Mfg. Co., supra, cited by the Court of Appeals in the instant case, declaring that a competitor could not complain of the action of his advertising features by another even if the imitation amounted to a misrepresentation by the latter user unless such false advertisements "had led or were likely to lead customers, through confusion of defendant's and plaintiff's goods, to

buy the former under the misapprehension that they were the latter."

The Third Circuit Court found that the above quoted provision of the Lanham Act had modified the rule of the **American Washboard Co.** case and had brought the law of unfair competition more nearly in line with modern thought. Therefore, the Court held that under the Lanham Act if an advertisement was false a competitor whose advertising is copied may seek an injunction or damages or both. The Court stated:

> "It seems to us that Congress has defined a statutory civil wrong of false representation of goods in commerce and has given a broad class of suitors injured or likely to be injured by such wrong the right to relief in the Federal court"

214 F. (2d) 651.

In the instant case the Court of Appeals for the Sixth Circuit has declined to vary the rule of the **American Washboard Co.** case even in the light of the Lanham Act, and in so holding stands in direct conflict with the holding of the Court of Appeals for the Third Circuit.

The Interpretation of the Law of Unfair Competition as to the Imitation of an Established Collocation of Packaging Features Presents a Question of Importance to Business and the Public Which Should, in the Public Interest, Be Reviewed by This Court.

The conflict between the decision of the Court of Appeals in this case and the decisions of Courts of Appeals of other Circuits has already been pointed out. Not only does the existence of such conflict require the intervention of this Court but the importance of the question involved, both to business and the public, demonstrates the necessity of an authoritative ruling on the applicable

law. In **Q-Tips, Inc., v. Johnson & Johnson**, 206 F. 2d 144 (C. A. 3, 1953), the Court stated:

> "It is worth pointing out, at the start of our discussion, that we are in a field where the tendency of the law 'has been in the direction of enforcing increasingly higher standards of fairness or commercial morality in trade. The tendency still persists.' Restatement, Torts, Volume III, page 540. In any situation where the law is in the growing state it is not to be expected that the advance in all courts will be simultaneous. * * *"

In that case the Court of Appeals for the Third Circuit was passing on a case which primarily involved a registered trade mark. However it has long been established that "The law of trade marks is but a part of the broader law of unfair competition: * * *" (**United Drug Company v. Theodore Rectanus Company**, 248 U. S. 90, 63 L. ed. 141).

It is interesting to note that the quotation from the Law of Torts appearing in the **Johnson & Johnson** case (supra) appeared in such Restatement in 1938. The decision of the Court of Appeals for the Second Circuit in **My-T-Fine Corporation v. Samuels et al.**, 69 F. 2d 76, was published in 1934. The law as to imitation of packaging features has developed to a very substantial extent since the decision of that case and the publication of the Restatement of Torts above referred to, and the conflicts to which we have referred have arisen subsequent thereto.

In 1938 this Court decided the case of **Armstrong Paint & Varnish Works v. Nu-Enamel Corporation**, 305 U. S. 315, 83 L. ed. 195, dealing with secondary meaning one of the essential points as to which conflict exists between the Court of Appeals' decision in this case and those of other Courts above referred to. Following the decision

of the **Nu-Enamel** case, there has been no decision by this Court involving the overall application of the law of trade marks and unfair competition. In 1942 this Court passed on a trade mark case "solely to review the provisions of the decree dealing with the measure of profits and damages * * *". (**Mishawaka Rubber & Woolen Manufacturing Company v. S. S. Kresge Company**, 316 U. S. 203, 86 L. ed. 1381.) While passing only on damages in a trade mark matter, Mr. Justice Frankfurter emphasized the public importance of cases of this type. The opinion stated:

> "The protection of trade-marks is the law's recognition of the psychological function of symbols. If it is true that we live by symbols, it is no less true that we purchase goods by them. * * *"

and later:

> "Whatever the means employed, the aim is the same—to convey through the mark, in the minds of potential customers, the desirability of the commodity upon which it appears. Once this is attained, the trade-mark owner has something of value. If another poaches upon the commercial magnetism of the symbol he has created, the owner can obtain legal redress. * * *"

Sidney Steele et al. v. Bulova Watch Company, Inc., 344 U. S. 280, 97 L. ed. 319, decided in 1952, was an action for trademark infringement but the Court considered only the jurisdiction to enjoin action abroad rather than the merits of the case. Certiorari was also granted in **Pecheur Lozenge Co., Inc. v. National Candy Company, Inc.**, 315 U. S. 666, 86 L. ed. 1103 (1942), but the writ was vacated on the ground that no registered trademark was involved. Accordingly, so far as can be determined, this Court has not passed on the merits of an action for trademark infringement or unfair competition since the decision of the

Nu-Enamel case (supra). During the intervening years, unfair competition actions involving imitation of a combination of packaging features have arisen with increasing frequency, as shown by the decisions herein cited.

In this case, despite a finding of respondents' deliberate and intentional copying of the petitioner's well established and attractive packaging features, for the purpose of attracting customers of petitioner and others who would be attracted by such features, the Court held that no relief can be granted. The District Court found that

> "regardless of how disapproving the courts may be of such practices, they cannot legislate the morals of the market place. * * *" (R. 178a).

The Court of Appeals went further and stated that:

> "The fact that some of the statements made by Ezra Brooks concerning its product were false and untrue does not make out a case of unfair competition in favor of plaintiff * * *".
>
> (298 F. 2d 607, Appendix p. 45)

Thus we have the anomalous situation in which the Court of Appeals for the Third Circuit and for the Second Circuit apply the rule of "increasingly higher standards of fairness or commercial morality in trade * * *" while the Sixth Circuit permits the law of the market place to control and holds that even "false and untrue" statements must be countenanced.

It should also be noted that the Court of Appeals for the Sixth Circuit has heretofore decided cases concerning the imitation of a collocation of features which has become distinctive, with which the decision under consideration also conflicts. Such decisions include the **Tas-T-Nut** heretofore referred to, and **E. Kahn's Sons Co. v. Columbus Packing Co.**, C. C. A. 6, 82 F. 2d 897, and **O. & W. Thum Co. v. Dickinson**, 245 F. 609.

If the present decision of the Court of Appeals is allowed to stand, while the Second and Third Circuits continue to enforce an increased standard of commercial morality, it will lead to the anomalous situation of the Courts in some Circuits requiring a higher standard of business morality than that to be enforced in the Sixth Circuit. The effect of this on the owners of valuable commercial property, lawyers and consumers need not be labored. This presents an important matter which requires an authoritative decision of this Court to remove conflict and uncertainty and to provide for the protection of legitimate business and the public.

Such a ruling is important from the standpoint of administration of justice. The application of the law differs not only between Circuits but in the same Circuit. In the Second Circuit this problem was referred to in a dissenting opinion in **Hyde Park Clothes v. Hyde Park Fashions,** 204 F. 2d 223, at 226, as follows:

> "Plaintiff-appellant has had the misfortune—so it seems to me—to come before a panel of this court allergic to the doctrine historically associated with us because of its nurture by our most illustrious judges of protecting trade names against competition which will create confusion as to the source of goods sold under such names. The chance of the assignment calendar which has so operated against plaintiff might as easily have brought it success, to judge by the three most recent cases on this issue before us, the unanimous decision in each instance—two in fact reversing decisions below—of another panel."

At a later point, the dissenting opinion stated:

> "Differences of view on such issues seem to me not unnatural and, while inconvenient, need no apology. I think we ourselves should recognize the existence of such divergence, just as others are doing, e. g.,

Lunsford, Trade Mark Infringement and Confusion of Source: Need for Supreme Court Action, 35 Va. L. Rev. 214; Pattishall, Trade Marks and the Monopoly Phobia, 50 Mich. L. Rev. 967, and as the opinion below demonstrates by its careful selectivity in choice of precedents. This natural development could be somewhat ameliorated if we adopted the practice I have urged of sitting en banc on special occasions, 28 U. S. C., Sec. 46 (c), though obviously it cannot really be controlled until the Supreme Court decides to exercise its constitutional power in these premises. Since it will tend to postpone that day and to increase the confusion of counsel, I think it regrettable that the opinion here tends to obscure and even to deny this clear-cut schism."

This Court has not passed upon the merits of a trademark or unfair competition case broadly since its decision in **Armstrong Paint & Varnish Works v. Nu-Enamel Corporation** (supra) in 1938. In the instant case, the trial court found, and the Court of Appeals accepted, the finding that there had been deliberate copying and imitation of the well established packaging features of petitioner. Nevertheless, both the trial court and the Court of Appeals failed to give these findings the legal effect which both it and the Court of Appeals of other Circuits have given equivalent findings on likelihood of confusion and also on secondary meaning. This clear-cut "schism", to use the language of Judge Clark's dissenting opinion (supra), amounts to far more than mere differences of view which, "while inconvenient need no apology." The differences involved are fundamental differences in the law which have evolved along different paths in different Circuits and sometimes within the same Circuit. They have never been clarified by this Court and, in the public interest and in the interest of the proper administration of the courts should be reviewed by this Court.

CONCLUSION.

For the reasons stated above and in order that the conflict in the holding of the present case and those of other circuits on questions which have tremendous effect upon all companies engaged in the manufacture and sale of every conceivable type of product, we respectfully submit that this Honorable Court should grant certiorari and take jurisdiction of this cause in order that this conflict in the holdings of the various circuits might be settled.

Respectfully submitted,

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In the
United States District Court
For the Western District of Kentucky,
Louisville Division.

Jack Daniel Distillery, Inc.,
Plaintiff.

v.

Hoffman Distilling Company,
Defendant.

and

Frank Silverman & Company,
Intervening-Defendant.

Civil.
No. 3532.
Reported in
190 Fed.
Sup. 841.

MEMORANDUM.

(Entered December 15, 1960.)

The plaintiff, Jack Daniel Distillery, Lem Motlow, Prop., Inc., brings this action against Hoffman Distilling Company alleging unfair competition and trademark infringement and seeks to enjoin the intervening defendant, Frank Silverman and Company, a co-partnership doing business as Ezra Brooks Distilling Company, from continuing to imitate its methods of advertising and packaging Jack Daniel's Black Label whiskey.

The evidence shows that the Jack Daniel Distillery was founded in 1866 and remained in the family of the founder until sold to Brown-Forman Distillers Corporation in 1956. It is the only legal distillery in Tennessee and its product is officially recognized by the Alcohol and Tobacco Tax Unit of the Federal Government as one of the four distinct types of whiskey manufactured in the United States, being designated as Tennessee sour mash whiskey as distinguished from bourbon whiskey, scotch whiskey and rye whiskey. The reason for this distinction is at-

tributed to a process employed in the production of Jack Daniel's whiskey. After Jack Daniel's whiskey has been distilled, but before it is put in barrels, it is poured into large vats at the bottom of which there is from eight to ten feet of finely ground, tightly packed, sugar maple charcoal. It requires from eight to ten days from the time the whiskey is placed in these vats until it finally seeps through the charcoal. It is claimed that this process removes impurities and mellows and makes the finished product more palatable. In any event it is generally recognized that Jack Daniel's whiskey has a distinctive taste, and with one minor exception it is also known as the most expensive sour mash whiskey sold.

The Jack Daniel Distillery started as a small distillery in a small town in Tennessee. In 1952, however, national advertising was undertaken and by 1958 approximately 3½ million dollars had been expended in the promotion of its product. Its sales increased by more than 900% in the six-year period ending in 1956, as a result of which Jack Daniel's whiskey became in short supply and it was necessary to place it on allocation limiting wholesale distributors to various percentages of whiskey they had purchased in former years. In April 1957, about a year after Jack Daniel's whiskey became in short supply and had advertised this fact, a whiskey with the brand name of Ezra Brooks was placed on the market for the first time by the intervening defendant. It is this brand that plaintiff alleges unfairly competes in the same market with its brand Jack Daniel's Black Label.

It appears from the evidence that while the intervening defendant does business as the Ezra Brooks Distilling Company, this partnership does not own or operate a distillery. The whiskey that is distributed under its brand is bottled at the Hoffman Distilling Company, a small Kentucky distillery which is a defendant in this action, and

some of the whiskey bottled under the brand name Ezra Brooks is produced by the Hoffman Distilling Company. The rest of the whiskey so marketed is the product of other distilleries manufacturing sour mash bourbon whiskey and is purchased in the open market by the intervening defendant.

Although the brand names Jack Daniel's and Ezra Brooks and the names of the Jack Daniel Distillery and the Ezra Brooks Distilling Company appear prominently on their respective labels, it is clear that many features of the Jack Daniel's package and methods of advertising are imitated by Ezra Brooks. Jack Daniel's uses a square bottle and a black and white wrap-around label. Ezra Brooks employs a square bottle and a black and white wrap-around label. Jack Daniel's on its label uses the words, "90 Proof for Character". Ezra Brooks on its label employs the expression "90 Proof by Choice". Jack Daniel's pictures a small old-time distillery on its label and Ezra Brooks' label follows suit. Jack Daniel's for many years advertised that its whiskey is "Rare Old Sippin' Whiskey" and otherwise uses the word "Sippin'" to describe its product. Ezra Brooks' label bears the legend "Real Sippin' Whiskey". Jack Daniel's has consistently advertised its whiskey as "Charcoal Mellowed Drop by Drop", this expression being a reference to the unique method of filtering its whiskey through charcoal before it is warehoused for aging. Ezra Brooks features on its label the words "Charcoal Filtered" and in its advertising "Every Sip is Mellowed 'Cause Every Drop Is Charcoal Filtered". The charcoal filtration of Ezra Brooks whiskey consists of placing seven ounces of activated charcoal in four hundred gallons of aged whiskey and agitating the whiskey for varying periods of time up to twenty-four hours. Jack Daniel's uses a small black and white cardboard neckpiece on its bottle extolling its whiskey and distillery, and this feature has been adopted

by Ezra Brooks with closely related resemblances both as to appearance and content. From the time Ezra Brooks first came on the market it has also imitated the Jack Daniel's story by advertising that its product was in short supply and Jack Daniel's use of the expression "There isn't quite enough to go around" was matched in Ezra Brooks' advertisements by the statement "There just ain't enuf to go around". This line of advertising was followed by the defendant in spite of the fact that there was no shortage of its supply as the evidence clearly shows that there was always available in the market an ample supply of the type whiskey bottled under the brand name of Ezra Brooks.

From this brief statement of the evidence it is necessarily concluded that all of these similarities were not adopted by accident but that the defendant intentionally copied and imitated the appearance of the well-established and attractive Jack Daniel's Black Label package and advertising techniques for its new and unknown brand Ezra Brooks. The obvious purpose of the copying was to solicit customers of the plaintiff who could not obtain Jack Daniel's whiskey while there was a shortage in supply and also to appeal to all other prospective consumers who would be attracted by the advertising and packaging methods developed by the plaintiff. It is the continuance of these imitating tactics that the plaintiff seeks to enjoin, but regardless of how disapproving the courts may be of such practices, they cannot legislate the morals of the market place, and to sustain its claim for relief the plaintiff must establish by a preponderance of the evidence that the defendant is not merely competing with the plaintiff but is guilty of unfair competition such as is prohibited by law.

The defendant takes the position that even if it should be found it has imitated the Jack Daniel's Black Label

package and advertising methods that such imitations fall far short of actionable unfair competition. It claims that the plaintiff has failed to establish that the purchasing public has been deceived or confused by the similarities of the two brands and asserts that no likelihood of confusion exists because of the obvious differences in the packages and because the two brands are clearly marked both by brand name and by source of manufacture.

The law of unfair competition to be applied to the facts of this case is concisely set forth in the Restatement of Torts, Sec. 741, under the title "Imitation of Appearance", pages 622 and 623.[1] From this statement of the law the

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[1] ". . . The privilege to engage in business and to compete with others implies a privilege to copy or imitate the physical appearance of another's goods. The public interest in competition ordinarily outweighs the interest in securing to a person the rewards of his ingenuity in making his product attractive to purchasers. But the privilege to imitate may be limited by legislative enactment. Thus, in order to encourage invention or art, a patent or copyright may, for a limited period of time, protect one's interest in the physical appearance of his goods. The privilege is also qualified by the law of Torts to the extent necessary in order to prevent the sale of one's goods as those of another and to prevent the procurement of the means of imitation by unfair methods.

Sec. 741. Elements of Unprivileged Imitation.

"One who markets goods, the physical appearance of which is a copy or imitation of the physical appearance of the goods of which another is the initial distributor, markets them with an unprivileged imitation, under the rule stated in Sec. 711, if his goods are of the same class as those of the other and are sold in a market in which the other's interest is protected, and

"(a) he copied or imitated the appearance after obtaining access to or procuring the goods, or their labels, wrappers, containers, styles or designs by improper means or in his promise not to copy or imitate them [(a) is not applicable in this case] or

"(b) the copied or imitated feature has acquired generally in the market a special significance identifying the other's goods, and

"(i) the copy or imitation is likely to cause prospective purchasers to regard his goods as those of the other, and

"(ii) the copied or imitated feature is nonfunctional, or, if it is functional, he does not take reasonable steps to inform prospective purchasers that the goods which he markets are not those of the other."

defendant has the right to copy the Jack Daniel's package and advertising unless both (1) the imitated features have acquired generally in the market a special significance identifying the source of the other's goods, that is, have acquired a secondary meaning, and (2) that prospective purchasers will likely be confused by the imitation and misled to believe that Ezra Brooks whiskey was produced by the Jack Daniel Distillery. To establish these two essential requisites of unfair competition, "secondary meaning" and "likelihood of confusion", the plaintiff introduced in evidence an inconclusive market survey which did little more than reflect that plaintiff's products had been advertised, and also introduced the depositions of various retail whiskey dealers. There was no evidence presented, however, that any retail dealer or any representative of the defendant ever sold or passed off or attempted to sell or pass off Ezra Brooks whiskey for Jack Daniel's whiskey, and there was no showing by any witness that a single member of the consumer public was ever confused or misled into buying a bottle of Ezra Brooks whiskey thinking it was Jack Daniel's whiskey. The most the evidence does disclose in addition to the package and advertising copying is that some retail dealers when out of Jack Daniel's whiskey would recommend Ezra Brooks to their customers stating generally that it was a good substitute for Jack Daniel's Black Label and the making of other similar representations in an attempt, not to deceive the customers, but to make a sale by substituting a different brand for the one not on the shelf. This type of evidence does not support the plaintiff's claim that its label, bottle, slogans and expressions by long and continued use and by extensive advertising have combined to create a "brand image" in the public mind and the "brand image" has acquired a secondary meaning. Nor does it support the claim that because of the similarities of the packages and advertising that there is likelihood

of confusion among ordinary retail customers as to the producers of the two brands of whiskey.

In unfair competition the essence of the wrong is the sale of the goods of one manufacturer for those of another. Hanover Star Milling Co. v. Metcalf, 240 U. S. 403; Prestonettes, Inc., v. Coty, 264 U. S. 359; Howe Scale Co. v. Wyckoff, Seamans & Benedict, 198 U. S. 118; Hemmeter Cigar Co. v. Congress Cigar Co., Inc., 118 F. 2d 64 (C. A. 6). Absent a monopoly right such as is conferred by ownership of a valid patent or trademark one has the right to copy a competitor's product, even if he gets a free ride by reaping an advantage from his competitor's advertising, provided he does not deceive the public by passing off his product as that of his competitor. Swank, Inc., v. Anson, Inc., 196 F. 2d 339 (C. A. 1). As pointed out by Judge McAllister in West Point Mfg. Co. v. Detroit Stamping Co., 222 F. 2d 581, 591 (C. A. 6), cert. denied, 350 U. S. 840, there is nothing unlawful in copying the unpatented products of another down to the last detail, except in so far as the resulting similarity may become a means of securing the original producer's customers, through believing that the copied goods are those of the original producer. Citing Auto-Lite Co. v. P & D Mfg. Co., 109 F. 2d 556, 567 (C. A. 2); In Cheney Bros. v. Doris Silk Corp., 35 F. 2d 279, 280 (C. A. 2). In Tas-T Nut Co. v. Variety Date & Nut Co., 245 F. 2d 3 (C. A. 6) it is stated that the identical imitation of the goods of another does not in itself constitute unfair competition. This is so because the public interest in competition ordinarily outweighs the interest in securing to a person the rewards of his ingenuity in making his product attractive to purchasers. See James Heddon's Sons v. Millsite Steel & Wire Works, Inc., 128 F. 2d 6 (C. A. 6); Dennison Mfg. Co. v. Scharf, 135 F. 625 (C. A. 6); Globe Wernicke Co. v. Fred Macy Co., 119 F. 696 (C. A. 6). And where it does not appear that the public has been moved in any

degree to buy an article because of its source, an action for unfair competition does not lie. American Fork & Hoe Co. v. Stampit Corp., 125 F. 2d 472 (C. A. 6). And quoting from West Point Mfg. Co. v. Detroit Stamping Co., supra, "Confusion for which a copier is held responsible is not confusion resulting from the inability on the part of the public to distinguish between similar articles, but confusion as to the origin, and there is unfair competition only if there is such relationship or analogy between goods of a complainant and those of a copier that ordinary retail purchasers are likely to be deceived as to their origin. Similarity sufficient to justify relief for trademark infringement must be such as would cause confusion of any appreciable number of ordinary prudent purchasers as to source of goods which consumers buy without having two products or their trademarks before them for comparison."

As also stated above the two brands are clearly marked both by brand name and source of production. The Ezra Brooks label prominently carries the name "Ezra Brooks Rare Old Genuine Sour Mash Kentucky Straight Bourbon Whiskey" with the statement "Bottled by Ezra Brooks Distilling Co., Lawrenceburg, Anderson County, Ky." The Jack Daniel's Black Label is conspicuously marked "Jack Daniel's Old No. 7 Brand Quality Tennessee Sour Mash Whiskey" with the statement "Distilled and Bottled by Jack Daniel Distillery, Lem Motlow, Prop., Inc., Lynchburg, Tenn." With the brands so clearly identified there is no likelihood of confusion and an ordinary prudent purchaser interested in source could not be deceived and misled to believe that the Ezra Brooks brand was produced by the Jack Daniel Distillery. See Singer Mfg. Co. v. June Mfg. Co., 163 U. S. 169; Kellogg Co. v. National Biscuit Co., 305 U. S. 111.

For the reasons stated plaintiff's claim of unfair competition cannot be upheld.

Plaintiff also seeks trademark protection of its expression "Rare Old Sippin' Whiskey" registered by the Commissioner of Patents in the Supplemental Register on March 15, 1955, under a Certificate of Registration No. 603,460 and under a new Certificate of Registration bearing the same number dated November 27, 1956. The proof discloses, however, that this trademark has been abandoned without intention to renew its use since the latter part of 1953 when the Alcohol and Tobacco Tax Unit prohibited the use of the words "Rare" and "Old" together unless the age of the whiskey was specified. Discontinuance of a trademark with intent not to resume its use for two consecutive years is an abandonment of the trademark. Sec. 45 of the Trademark Act of July 5, 1956 (The Lanham Act), 15 U. S. C. A., Sec. 1127.

Defendant will tender appropriate judgment.

December 15, 1960

Henry L. Brooks,
United States District Judge.

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No. 14514

United States Court of Appeals
For the Sixth Circuit.

Jack Daniel Distillery, Lem Motlow, Prop., Inc., Plaintiff-Appellant, v. Hoffman Distilling Company, Defendant-Appellee, and Frank Silverman & Company, Intervener-Appellee.	On Appeal from the United States District Court for the Western District of Kentucky, Louisville Division. Reported in 208 F. (2d) 606.

Decided February 3, 1962.

Filed Feb. 3, 1962, Carl W. Reuss, Clerk.

Before: Cecil and Weick, Circuit Judges and Darr, Senior District Judge.

Per Curiam. In the District Court plaintiff sought to enjoin the defendants from imitating its methods of advertising and packaging Jack Daniels Black Label Whiskey on the grounds of infringement of its trademark and unfair competition. Plaintiff claimed that it had expended large sums of money in advertising certain expressions and packaging of Jack Daniels products and that they had acquired a secondary meaning identifying them with Jack Daniels whiskey; that defendants were unfairly competing with plaintiff by intentional use of similar expressions and methods of advertising.

The District Judge heard the evidence and in a well-considered opinion, which he adopted as findings of fact and

conclusions of law, dismissed the complaint because of failure of the plaintiff to establish its case. The Court also cancelled plaintiff's trademark on the ground that it had been abandoned for more than two consecutive years without intent to renew its use.

The brand names Jack Daniels and Ezra Brooks and the names of Jack Daniels Distillery and Ezra Brooks Distilling Company appeared prominently on the labels on their respective bottles. Ezra Brooks, however, did adopt or imitate a number of the features employed by Jack Daniels. These were as follows:

1. A square bottle with a black and white wrap-around label.

2. On Jack Daniel's label appeared the words "90 Proof for Character." Ezra Brooks used the expression "90 Proof by Choice."

3. A picture of a small old time distillery on the label.

4. Jack Daniels advertised its whiskey as "Rare Old Sippin' Whiskey" and also used the word "sippin'" in describing the whiskey. Ezra Brook's label stated "Real Sippin' Whiskey."

5. Jack Daniels used the expression "Charcoal Mellowed Drop by Drop." Ezra Brooks featured on its label "Charcoal Filtered" and in its advertising "Every Sip is Mellowed 'Cause Every Drop is Charcoal Filtered."

6. A small black and white cardboard neckpiece on the bottle extolling the whiskey and the distillery.

7. Jack Daniels advertised that its whiskey was in short supply. Ezra Brooks claimed with respect to its whiskey that "There just ain't enuf to go around."

Despite these similarities, the District Court found from the evidence that no retail dealer or any representative of

defendants had ever attempted to sell or pass off Ezra Brooks whiskey for Jack Daniels whiskey. There was no showing that a member of the consuming public was ever confused or misled into buying Ezra Brooks whiskey thinking it was Jack Daniels whiskey. In other words, the proof did not show that these imitated features had a secondary meaning as identifying the source of the whiskey.

It was not unlawful for Ezra Brooks to copy unpatented products of Jack Daniels so long as they are properly identified and do not mislead the public into believing that Ezra Brooks' products are those of Jack Daniels. **Kellogg Co. v. National Biscuit Co.**, 305 U. S. 111; **Norwich Pharmacal Co. v. Sterling Drug, Inc.**, 271 F. 2d 569 (CA 2); **Speedry Products, Inc. v. Dri Mark Products, Inc.**, 271 F. 2d 646 (CA 2); **Tas-T-Nut Co. v. Variety Nut & Date Co.**, 245 F. 2d 3 (CA 6); **West Point Mfg. Co. v. Detroit Stamping Co.**, 222 F. 2d 581, 591 (CA 6); **Hemmeter Cigar Co. v. Congress Cigar Co., Inc.**, 118 F. 2d 64 (CA 6); **Upjohn Co. v. Merrell**, 269 Fed. 209 (CA 6).

The fact that some of the statements made by Ezra Brooks concerning its product were false and untrue does not make out a case of unfair competition in favor of plaintiff. **Mosler Safe Co. v. Ely-Morris Safe Co.**, 273 U. S. 132; **American Washboard Co. v. Saginaw Mfg. Co.**, 103 Fed. 281 (CA 6).

The findings of fact of the District Judge are supported by substantial evidence and are binding on us. He has applied the correct rules of law.

There was no error in cancelling plaintiff's trademark as the proof established it had been abandoned without intention to renew in the latter part of 1953. 15 U. S. C. A., § 1127.

The judgment of the District Court is affirmed.

No. 14,514.

United States Court of Appeals
For the Sixth Circuit.

Jack Daniel Distillery, Lem Motlow, Prop., Inc.,
Plaintiff-Appellant,

vs.

Hoffman Distilling Company,
Defendant-Appellee,

and

Frank Silverman & Company,
Intervener-Appellee.

ORDER.

(Filed Mar. 7, 1962, Carl W. Reuss, Clerk.)

Before: Cecil and Weick, Circuit Judges and Darr, Senior District Judge.

In our opinion we mentioned that the fact that some of the statements made by Ezra Brooks concerning its product were false and untrue did not give rise to an action for unfair competition in favor of plaintiff. We had in mind the claim of Ezra Brooks "There just ain't enuf to go around", and the picture of an old distillery on its label.

Assuming that Ezra Brooks whiskey was not in short supply we fail to see how this creates a cause of action in favor of plaintiff.

The same is true about the picture of a distillery on its label when its whiskey was manufactured by independent distilleries. The evidence disclosed four other brands of

whiskey using an illustration of an old distillery on their labels.

The other matters presented in the petition for rehearing were previously considered by the Court and we adhere to our opinion.

The petition for rehearing is denied.